CLASSIFICATION

CENTRAL INTELLIGENCE AGENCY

INFORMATION FROM FOREIGN DOCUMENTS OR RADIO BROADCASTS

CD NO.

COUNTRY

Communist China

DATE OF

SUBJECT

Economic - Industry

INFORMATION

1949

HOW

PUBLISHED

Daily newspaper

DATE DIST. / 1

WHERE **PUBLISHED**

Hong Kong

NO. OF PAGES

PUBLISHED

8 Sep 1949

SUPPLEMENT TO

LANGUAGE Chinese REPORT NO

THIS IS UNEVALUATED INFORMATION

SOURCE

Wen-hui Fao.

HAI INDUSTRIES

The Shang-hai metal products companies, approximately 30 in number, are resuming operations as communications facilities improve. Several companies have reached more than 50 percent of production capacity. They are experiencing a shortage of old ship plates, scrap iron and engle iron. Since stocks of wire scrap iron, reinforcement rods, mails, and wood screws are in low demand locally, at present, owing to the building slump, these firms are looking toward North China and the rural areas for a market.

Former users of Diesel fuel are converting to coal. Those who have been using imported magnesite brick and chromite brick are using white marble as a substitute. It is also planned to use An-shan steel plate from the Northeast insteed of imported

In short, the steel industry is planning for domestic self-sufficiency under present blockade conditions.

Shang-hai's drug industry is suffering a shortage of materials from abroad. In view of this the industry is seeking (1) a greater use of domestic materials and, (2) an exchange of materials with the Soviet Union.

The American Drug Company is planning an expansion of business into North China and the Northeast. The Ta-chiang Chemical Company's drug factory is planning to cut costs by savingr on packaging. The K'ai-mei-k'o Drug Company is now planning a more generalized type of product that can find a larger market in the rural areas. The various companies also have drawn plans for cooperative buying of raw materials.

The K'ai-mei-k'o Company is advocating the avoidance of blind competition, urgage that each firm specialize on the products for which its equipment and experience best fits it.

The paper industry is engaged in planning a program for solf-sufficiency. Three mein ideas are advanced.

- 1 -

TION	RESTRICTED	HESTRICTED		
	DISTRIBUTION			

Sanitized Copy Approved for Release 2011/07/06: CIA-RDP80-00809A000600251035-4

CLASSIFICAT

NSRB

NAVY

STATE

STAT

RES	TR	C	TE	
REST	TO TO	יקודי	Ð.	

STAT

- 1. Separate operation under coordinated planning.
- 2. Conversion of a portion of the present cardboard machines into miscellanous paper machines. Cardboard was formerly distributed in the South Seas, but the industry now faces overproduction, while paper, which has been largely imported, will soon be in short supply.
- 3. Exploitation to the fullest possible degree of the available supply of domestic raw materials such as bamboo, paddy rice, straw, soybean stalks, etc. In such a program it may be necessary to move some plants into the areas where these materials are available.

About 50 percent of Shang-hai's more than 270 manufacturers of electrical goods have resumed operations since the liberation. The larger companies have been completely restored. However, under the colonial economic policy of the former reactionary government they developed a disposition toward dependence upon the outside for the bulk of their raw materials, such as silicon steel plating, copper wire, iron plate, tungsten wire for electric light bulks, molybdenum wire, etc. America and Sweden have been the chief source of these supplies. Most of the essential materials can be produced domestically and factoriss using them are little affected by the enemy blockade, but most of those firms depending on foreign materials, as well as those depending on foreign markets for their products, are unable to operate.

Firms with a domestic market are looking toward North China and Central Shire for an expansion of their market.

A number of firms manufacturing transformers and accessories are planning joint operations in the interests of specialization and standardization of products and expansion of markets. They are giving particular attention to the needs of the coal mining industry to be able to meet the requirements of this type of industry.

- E N D -

- 2 -

RESTRICTED ...

RESTRICTED